

PRESS RELEASE – FOR IMMEDIATE RELEASE

IT'S A GREAT TIME TO BE AN OFFICE TENANT-  
LEASE RATES ARE LOWER THAN 5 YEARS AGO!

DETROIT OFFICE MARKET-5 YEAR ANALYSIS

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Results are in and Metro Detroit office lease asking rates are down significantly from five year ago! Office vacancy rates increased from 6% to 15.6% during this period! Simply economics 101-supply and demand have kicked in. For example, average rental asking rates on Class A space decreased from \$25.38 to \$23.37\* since 2000.

Office employee unemployment increased from 3% to 7% during this five-year period. Vacancy rates and unemployment rates are obviously related because the unemployed do not occupy office space. Further adding to the vacancy rate are new buildings containing 11,500,000 sf of office space that have been built and delivered in the last five years. Another one million sf is scheduled for delivery this year!

What is not reflected in the average asking rates is the amount of concessions negotiated by tenants including rent reduction and abatement, increased tenant construction allowance, smaller annual increases, and more tenant friendly lease clauses. An additional bottom line reduction of 10% or more is likely. Add inflation and the decrease is even more dramatic.

Tenants with expiring leases looking for new space should be careful about exercising options to renew with rates calculated 5 years ago.

Tenants in the marketplace need to be fully informed on the market including available concessions-ask and you shall receive!

\*CoStar Group, a publicly traded real estate data base company, provides the above statistics.

*Levi F. Smith Real Estate has been exclusively representing commercial tenants for over 17 years, based in Southfield, MI. The firm specializes in tenant/buyer representation and is a member of Alliance of Tenant Representatives, whose members offer commercial users independent representation in major markets throughout North America. Visit its website at [www.levismith.com](http://www.levismith.com). Levi Smith can be reached at 248-262-1807.*